

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF PUERTO RICO

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO, : PROMESA
as representative of : Title III
THE COMMONWEALTH OF PUERTO RICO, *et al.*, : Case No. 17-BK-3283 (LTS)
Debtors.¹ : (Jointly Administered)
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**STATEMENT AND RESERVATION OF RIGHTS OF OFFICIAL
COMMITTEE OF UNSECURED CREDITORS REGARDING
CONFIRMATION OF SEVENTH AMENDED TITLE III JOINT PLAN OF
ADJUSTMENT OF COMMONWEALTH OF PUERTO RICO, ET AL.**

To the Honorable United States District Judge Laura Taylor Swain:

The Official Committee of Unsecured Creditors (the “Committee”)² respectfully files this statement and reservation of rights (the “Statement”) regarding confirmation of the *Amended Joint Title III Plan of Adjustment of the Commonwealth of Puerto Rico, et al.* [Docket No. 17629] (the “Seventh Amended Plan”).³ In support of this Statement, the Committee respectfully states as follows:

¹ The Debtors in these Title III cases, along with each Debtor’s respective Title III case number and the last four (4) digits of each Debtor’s federal tax identification number, as applicable, are the (i) Commonwealth of Puerto Rico (Bankruptcy Case No. 17-BK-3283 (LTS)) (Last Four Digits of Federal Tax ID: 3481); (ii) Puerto Rico Sales Tax Financing Corporation (“COFINA”) (Bankruptcy Case No. 17-BK-3284 (LTS)) (Last Four Digits of Federal Tax ID: 8474); (iii) Puerto Rico Highways and Transportation Authority (“HTA”) (Bankruptcy Case No. 17-BK-3567 (LTS)) (Last Four Digits of Federal Tax ID: 3808); (iv) Employees Retirement System of the Government of the Commonwealth of Puerto Rico (“ERS”) (Bankruptcy Case No. 17-BK-3566 (LTS)) (Last Four Digits of Federal Tax ID: 9686); (v) Puerto Rico Electric Power Authority (“PREPA”) (Bankruptcy Case No. 17-BK-4780 (LTS)) (Last Four Digits of Federal Tax ID: 3747); and (vi) Puerto Rico Public Buildings Authority (“PBA”) (Bankruptcy Case No. 19-BK-5233 (LTS)) (Last Four Digits of Federal Tax ID: 3801) (Title III case numbers are listed as Bankruptcy Case numbers due to software limitations).

² The Committee is the official committee of unsecured creditors for all Title III Debtors, other than PBA and COFINA.

³ Capitalized terms used but not defined herein have the meanings set forth in the Seventh Amended Plan.

STATEMENT AND RESERVATION OF RIGHTS

1. As the Court is aware, the Committee has reached a global agreement with the Oversight Board regarding, among other things, the terms of the treatment of general unsecured claims in Classes 54 (Eminent Domain Claims), 58 (CW General Unsecured Claims), 66 (ERS General Unsecured Claims), and Class 68 (Convenience Claims) (together, “General Unsecured Claims”), which agreement is reflected in that certain letter agreement, dated as of July 12, 2021, between the Committee and the Oversight Board (the “Committee Agreement”). The Seventh Amended Plan reflects the terms of the Committee Agreement, and, as such, the Committee supports confirmation of the Seventh Amended Plan.⁴

2. Moreover, the Committee has made substantial progress with the Oversight Board regarding the terms of certain documents that are subject to the Committee’s reasonable consent rights under the Seventh Amended Plan, including the Avoidance Action Trust Agreement. The Committee has also provided to counsel for the Oversight Board (a) informal comments with respect to the form of proposed Confirmation Order (which is also subject to the Committee’s reasonable consent rights) and (b) a draft agreement to address the oversight role of the two Committee representatives on the Avoidance Actions Trust Board with respect to the claims reconciliation process in accordance with Section 82.1 of the Seventh Amended Plan.

3. The Committee expects that these matters will be resolved consensually prior to the hearing on confirmation of the Seventh Amended Plan. However, out of an abundance of caution, the Committee reserves its right to be heard at the Confirmation Hearing to the extent that (a) any amendments or modifications are made to the Seventh Amended Plan that would

⁴ For the avoidance of doubt, the Committee intends to participate at all hearings related to confirmation of the Seventh Amended Plan, including the pre-trial conference to be held on November 1, 2021 and all confirmation hearings commencing on November 8, 2021. Moreover, the Committee may also respond to any objections to the Seventh Amended Plan.

adversely affect the economic treatment of, or distributions to, holders of General Unsecured Claims, compared to the treatment of General Unsecured Claims currently set forth in the Seventh Amended Plan,⁵ (b) any documents are not reasonably acceptable to the Committee (to the extent of the Committee's consent rights under the Seventh Amended Plan), (c) any condition to confirmation of the Seventh Amended Plan or the Effective Date of the Seventh Amended Plan is waived without the prior written consent of the Committee (again, to the extent of the Committee's consent rights under the Seventh Amended Plan), or (d) any other consents of the Committee (to the extent required under the Seventh Amended Plan) are not obtained, including, without limitation, as it relates to the selection of the entity that will hold the GUC Reserve.⁶

4. Finally, the deadline to object to the form of the proposed Confirmation Order [Docket No. 18447] (*i.e.*, October 22, 2021) has not yet passed, and, accordingly, the Committee also reserves its rights in regard to the form of the proposed Confirmation Order.

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⁵ To be clear, at this time, the Committee is not aware of any amendments or modifications to the Seventh Amended Plan that would adversely affect the economic treatment of, or distributions to, holders of General Unsecured Claims.

⁶ Pursuant to Section 1.284 of the Seventh Amended Plan, the GUC Reserve is to be "held by an independent, non-Commonwealth government entity selected jointly by the Oversight Board and the Creditors' Committee."

Dated: October 19, 2021

By: /s/ Luc A. Despins

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